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Practitioners in Development series

Botchwey provides an African perspective on new thinking on development strategy

In a March 5 lecture in the World Bank's Practitioners in Development series, Kwesi Botchwey—Executive Chair of the African Development Policy Ownership Initiative and former finance minister for Ghana—drew on his own extensive experience in making and managing policy reform during the 1980s and 1990s to reflect on the new thinking on development strategy for Africa. Botchwey was joined by Michael Chege, an advisor to Kenya's Ministry of Economic Planning, and Jeffrey Herbst, a professor of politics and international affairs at Princeton University, who served as commentators.

The onset of the new millennium has focused the international community's attention on poverty that continues to afflict much of the developing world—especially in South Asia and Africa—despite two decades of policy reform. The current rethinking of development theory and practice has evolved partly, Botchwey said, from a vigorous debate among economists, development practitioners, and others on the merits and weaknesses of the "Washington Consensus"—a set of policy reforms that promoted growth and macroeconomic stability through deregulation, liberalization, privatization, and fiscal discipline.

Within the World Bank—and among academic economists and practitioners generally—African development is now seen as a "more thoroughgoing process of transformation." This new thinking on development, Botchwey noted, has designated poverty reduction as the overriding goal and made empowerment of poor people and their participation in decisions affecting their lives key elements.

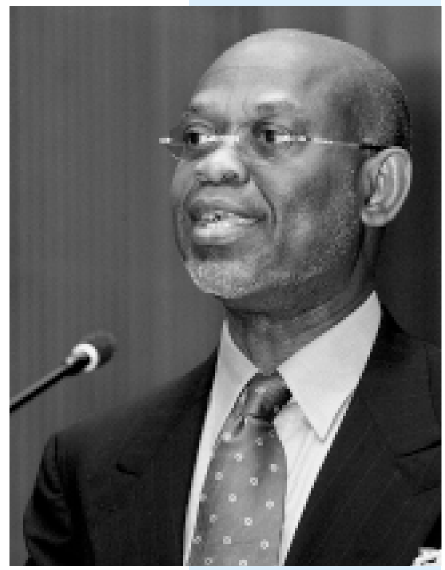
But Botchwey cautioned that the depth and extent of this change can be exaggerated. Several aspects of the emerging paradigm need to be further researched and refined to make the new thinking operational—notably, he said, governance and institutions, empowerment and participation of the poor, national ownership of policy reforms, and the dynamics of aid and private resource flows.

Institutions take time

Botchwey criticized the current focus on governance and institutions in the new development strategy for giving the impression of generalized corruption in Africa without backing this up with sufficient analytical work on the concrete and varied manifestations of bad governance. As a consequence, he said, attention is diverted from an examination of the real causes of market failure and what is needed to improve the efficiency of nonmarket institutions and to rein in the influence of informal layers of power.

Botchwey also noted that the current discussion on development fails to allow countries sufficient leeway to take into account the dynamics of fiscal spending during an election year. These dynamics can temporarily affect economic management in African countries as much as they do in democracies elsewhere. And, arguing that institution building is always a lengthy and complex process, he urged that African institutions be allowed enough time to evolve.

While Botchwey deemed the current emphasis on empowerment valid—especially as it applies to improving the poor's access to education and health—he argued that the present case for participation lacks a full understanding of the operational and political implications. "Much confusion—and I dare say frustration—surrounds the participation of civil society in the poverty reduction strategy process," he said, referring to the findings of a 1999 World Bank study that showed that the views and perceptions of the poor often diverge dramatically on a number of issues from the positions of governments and international financial institutions. The real challenge, he indicated, is to improve the poor's access to knowledge and information and to establish institutional mechanisms that enable them to build support for policies that promote their interests through elected representatives in national and local legislative bodies. Botchwey also called for setting up accountability institutions at the local level to prevent stronger, corruption-prone factions from subverting the poor's aspirations and interests.



Botchwey: "Much confusion—and I dare say frustration—surrounds the participation of civil society in the poverty reduction strategy process."

Are national solutions elusive?

As for national ownership and the implementation of reform agendas, Botchwey suggested that the major policy directions of countries' poverty reduction strategy papers are remarkably similar to those pursued under the structural adjustment frameworks of the 1980s and 1990s. This raises the possibility that countries' perceptions of what is acceptable to donors and the international financial institutions take precedence over what the countries themselves believe to be the policies that they own. "Overall, ownership remains largely ephemeral in concept and rather elusive in practice," he concluded, partly because the international community has not sufficiently recognized the full implications of the asymmetry in power relations between low-income countries, on the one hand, and their donors and international financial institutions, on the other.

Herbst: The emergence of more "real champions of economic policy" would be one way to help clarify national economic agendas.

Is there at least scope to resolve differences that emerge on the nature or speed of reforms? One way to reach agreement, according to Botchwey, could be through some form of systematic, independent review mechanism. But in the countries themselves, the culture of aid dependency and associated administrative encumbrances continue to divert policymakers' attention from the search for truly national solutions.

Chege: It is imperative that African policymakers identify priorities, since it is impossible to do everything at once and still hope to succeed.

While acknowledging Botchwey's reservations about whether countries truly own their reform policies, Jeffrey Herbst focused his remarks on a different issue. He described the political dynamics surrounding the economic policy dialogue within African countries as disappointing because of a general failure on the part of many African leaders to bring economic development issues into the public debate, particularly during national elections. Herbst suggested that the emergence of more "real champions of economic policy," especially in Africa's largest economies, would be one way to help clarify national economic agendas and lead by example.

Countering Herbst's remarks and speaking for the East African Community countries, Michael Chege insisted that many policymakers are generating their own development agendas aided by significant public debate. "There is not a single newspaper in Kenya today that does not have a business and economic supplement every week in which contributions from government, civil society, academia, and even the expatriate community are welcome," he pointed out. Noting the ever-broadening list of policy reforms on national development agendas, Chege stressed that it is imperative that African policymakers identify priorities, since it is impossible to do everything at once and still hope to succeed.

Aid partnerships

Turning to the issue of aid and other resource flows, Botchwey remarked that the idea of a mutual compact or partnership—whereby African countries fulfill their end of the bargain while the developed countries reward them for good performance—has become a more or less permanent feature of the political economy of international support to African development reform efforts.

For Africa, there seems to be "no end to diagnostic studies and the quest for solutions," he observed, citing U.K. Prime Minister Tony Blair's plan to set up a commission to take a fresh look at spurring African development as the most recent such endeavor. While expressing hope that Blair's initiative might galvanize the international community to action, Botchwey voiced doubts about whether the world cares enough about Africa to amass the resources required to meet the UN Millennium Development Goals. With official development aid still falling well short of what is needed, trade and knowledge dissemination assume particular significance, Botchwey emphasized in closing. And here, he said, the World Bank has a very important role to play, especially in mobilizing African countries to increase investment in science and education. ■

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Selected IMF rates

Week beginning	SDR interest rate	Rate of remuneration	Rate of charge
March 29	1.58	1.58	2.09
April 5	1.61	1.61	2.13

The SDR interest rate and the rate of remuneration are equal to a weighted average of interest rates on specified short-term domestic obligations in the money markets of the five countries whose currencies constitute the SDR valuation basket. The rate of remuneration is the rate of return on members' remunerated reserve tranche positions. The rate of charge, a proportion of the SDR interest rate, is the cost of using the IMF's financial resources. All three rates are computed each Friday for the following week. The basic rates of remuneration and charge are further adjusted to reflect burden-sharing arrangements. For the latest rates, call (202) 623-7171 or check the IMF website *(www.imf.org/cgi-shl/bur.pl?2004)*.

General information on IMF finances, including rates, may be accessed at *www.imf.org/external/fin.htm*.

Data: IMF Finance Department